



Major Potash Deposit Near Holbrook, Arizona

# Holbrook Area Potash Project

## American West Potash

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Winter 2012

# Key Areas

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- Will a mine come?
- What does this mean for the area?
- What does it look like?
- Water Usage

# Holbrook Basin:

## Significant Strategic Advantages

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- ❑ Solid historical geologic analysis and modeling
- ❑ Significant potash reserve at shallow depths
- ❑ Will be conventionally mined, then followed by solution mining
- ❑ Great infrastructure- road, rail, electrical
- ❑ No oil and gas conflict
- ❑ Close to large agricultural and industrial markets: Southwest, California, Mexico, Ports for international shipments
- ❑ Potential for low cost construction and mining
- ❑ Favorable business climate; political stability

# Potash

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- What is it?
- Where is it found
- World statistics
  - Tons used-60mm
  - World trade
  - Domestic activity



# Potash Projects and Reserves

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- Canada
- Russia
- Other – Argentina, Peru, Congo, Thailand
- US
  - Carlsbad
  - North Dakota
  - Holbrook

# American West Potash

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- We now have over two years of work in the Holbrook Basin
- Prospect Global – extensive experience in natural resource projects, financial and technical expertise
- Pat Avery – Executive Project Manager
- Developed strategic plan to prove-up potash resource

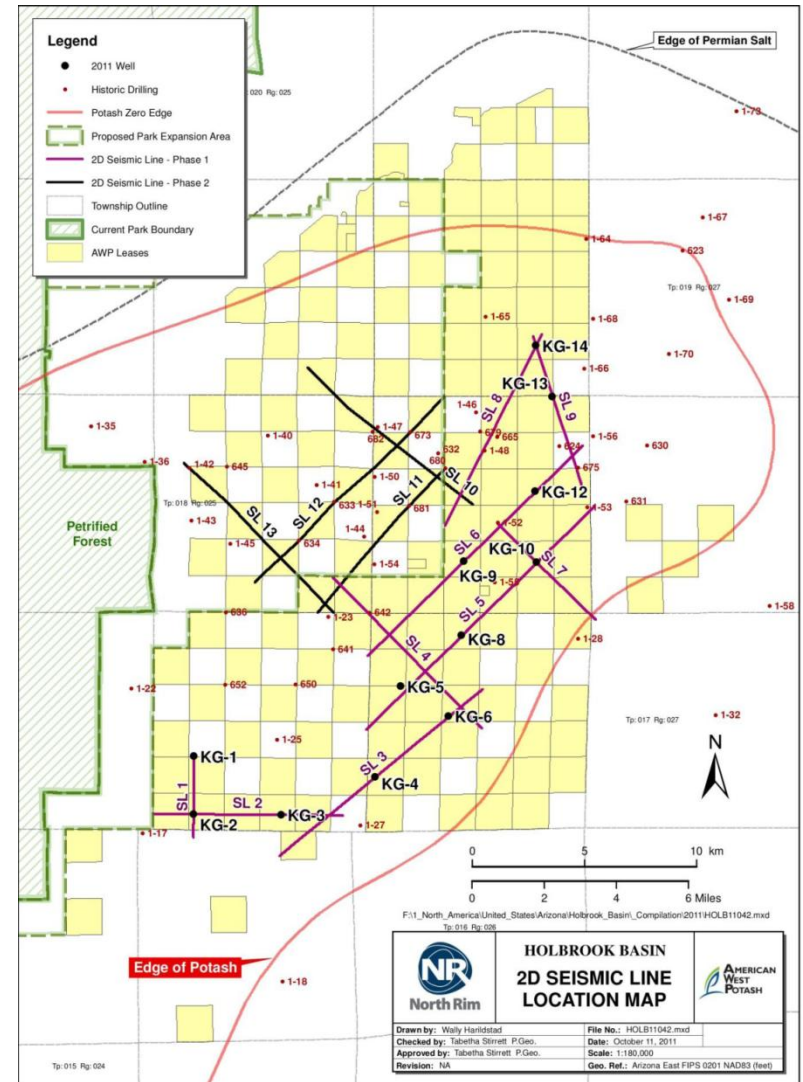
# Accomplishments

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- Leasehold accumulation through multiple transactions
  - 150 sections, 42 state sections, 108 private sections
  - Approximately 93,000 acres
- Completed 43-101 Resource Report
  - 718mm tonnes resource containing 82mm tonnes  $K_2O$  and 132mm tonnes KCl
  - 11.5%  $K_2O$  ore grade- 40-60 years of mining
- Prepared preliminary design, budget and permitting plan for full 2.0mm finished tonne production facility
- Completed Preliminary Economic Assessment (PEA) that shows our capital and operating costs to be very competitive and viable
- Teamed up with industry experts North Rim Exploration and Tetra Tech
- Created cooperative processes and relationships in the area

# NI 43-101 Resource Calculation

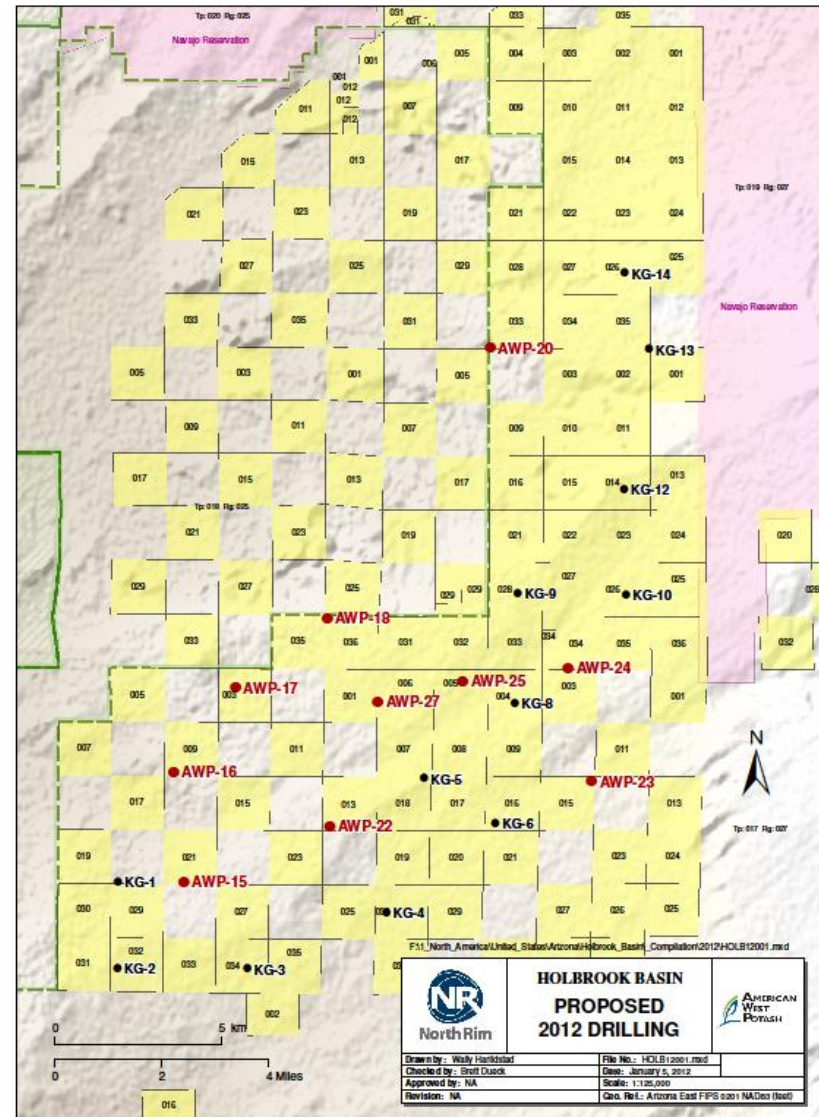
- Drilled and cored 12 new wells; 6 wells twinned historical wells
- Acquired 70 miles 2D seismic
- Mapped all historical information
- Larger resource than initially anticipated
- Plan Phase 2 to increase resource





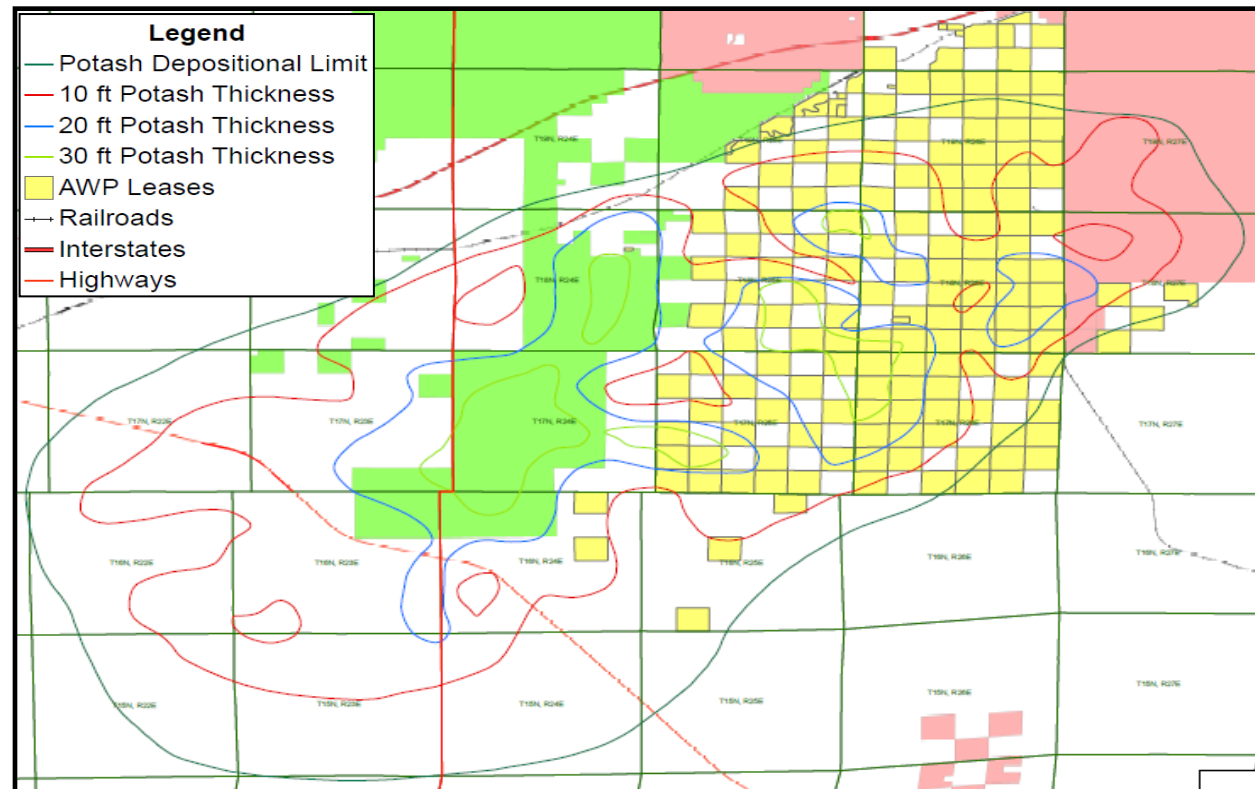
# 2012 Phase 2 Drilling Program

- More drilling to:
  - increase resource
  - increase ore grade
  - more detailed mine plan
- February-May



# Strong Correlations

- New data showed strong correlation to Rauzi Report and historical data
- Justifies development of potash resource



# Conclusion- Will a Mine Come?

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- Significant land position and resource
  - 150 sections, 93,000 acres
  - 718mm tonnes resource containing 82mm tonnes  $K_2O$  and 132mm tonnes  $KCl$ - certified 43-101 report
  - 2mm tonnes per year production
  - > 40 year mine life
  - Certified Preliminary Economic Assessment- Very competitive in Capital and Operating Costs with global producers and developmental projects
- Cooperative efforts with adjacent land owners, Park, Economic Development, Counties, Cities
- Favorable region and conditions: reserves, depth, climate, markets and business environment

# Next Steps

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- Proceed with pre-development activity
  - 2012 Phase 2 Drilling Program
  - Mine Plan – First half of 2012
- Development activity
  - Feasibility study
  - Long term budget
  - File All State Permits- Spring 2012
  - Order Long Lead Equipment
- Construction

# State and Local Benefits

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- Job Creation
  - Consulting and permitting: 1 – 1.5 years
  - Construction: 1 year, 500 – 800 jobs
  - Mining/Production: 300 – 400 jobs
- State royalty revenue (hundreds of millions)
- State and county ad valorem tax revenue
- Sales tax revenue (hundreds of millions)
- Underground mining reduces visual and environmental impact

# What Does Potash Mining Look Like?

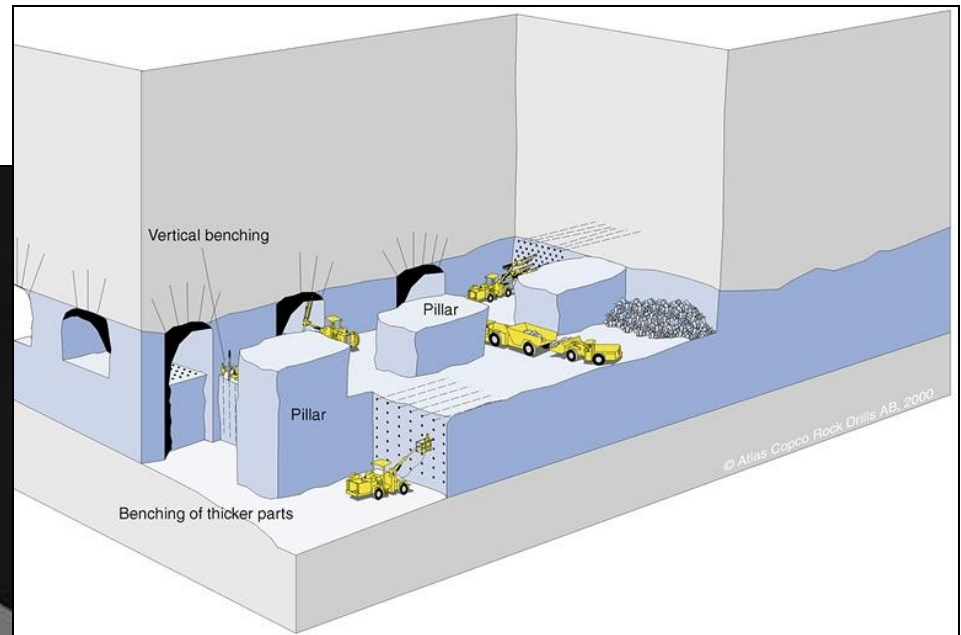
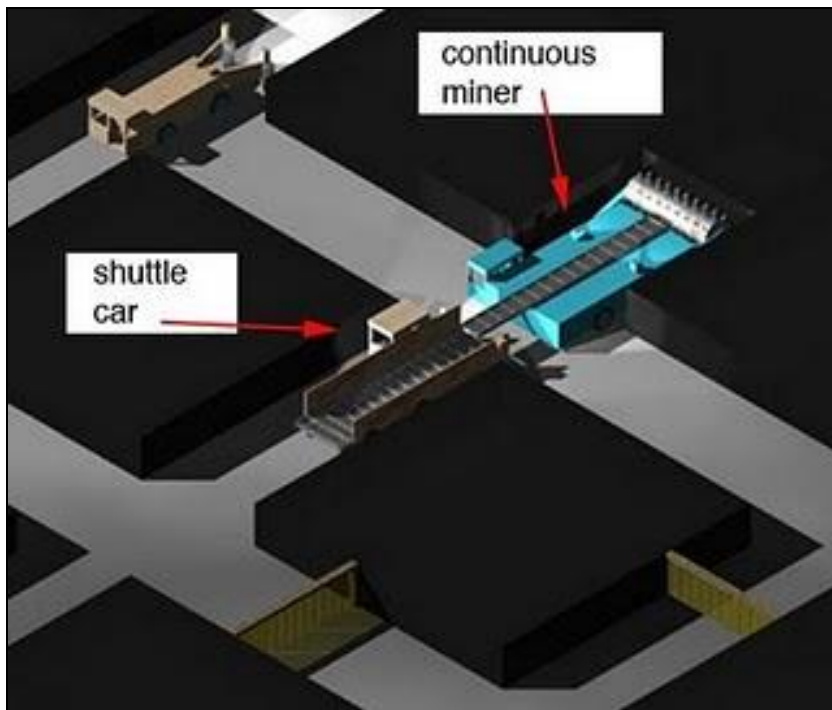
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# A Snap Shot of Potash Mining and Processing

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- ❑ Underground Mine
- ❑ Surface Processing Plant: flotation, separation, drying
- ❑ Product Prep: sizing, granulation
- ❑ Product Storage and Rail/Truck Load Out
- ❑ Infrastructure: electrical, water, steam, roads, rail
- ❑ No hazardous steps, processes or chemicals

# Underground Mining





# Underground Mining

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- ❑ Continuous miners cut the face
- ❑ Ore is moved by conveyors to production shaft



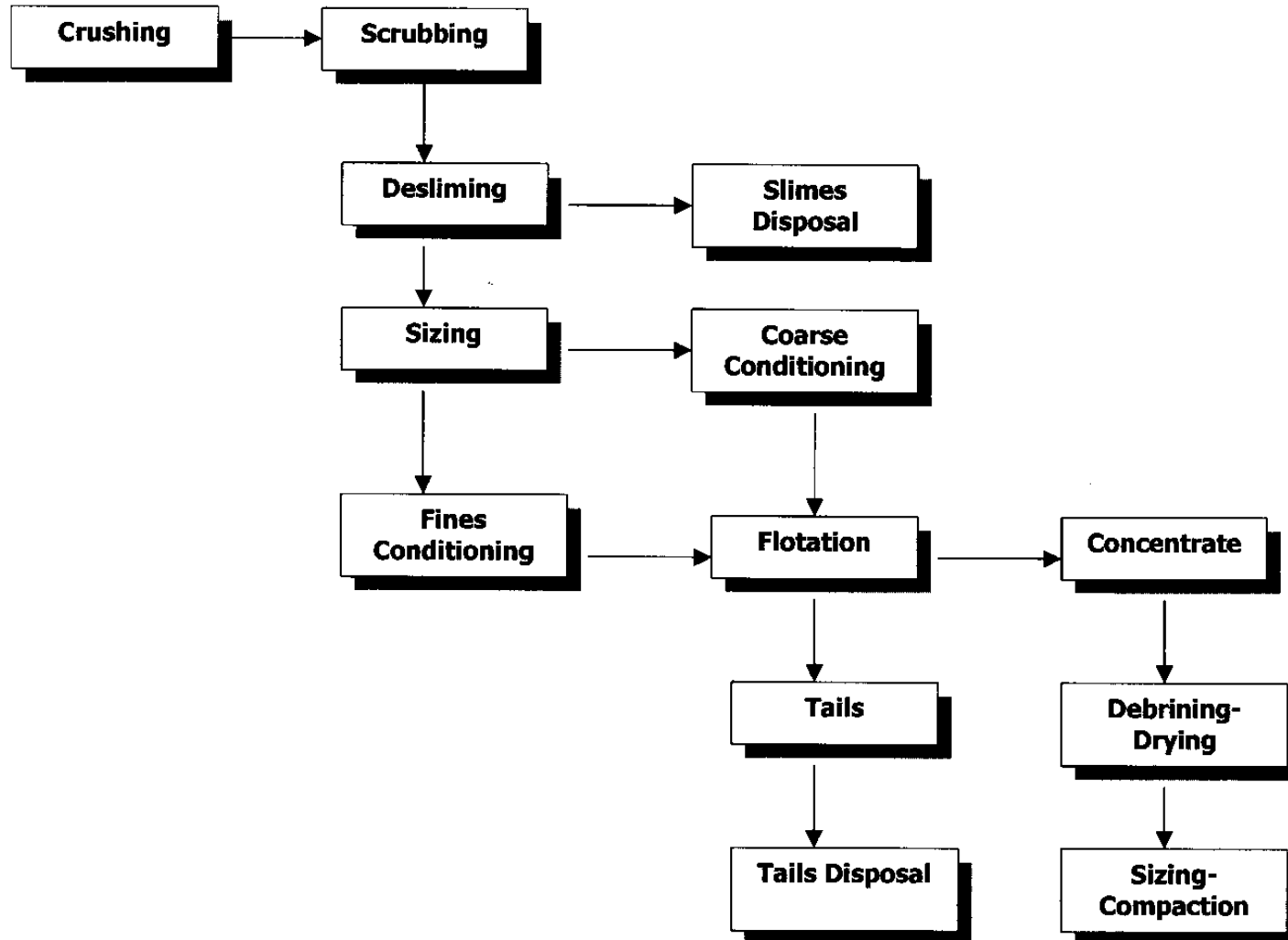
# Surface Processing

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Ore comes to the surface and is concentrated from 8% – 20% ore to 60% – 62% salable product



# Surface Process



# Flotation Building

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# Water Usage

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- Fresh Water Usage- @ 400gpm- 600 acreft/year
- Brackish Water Use- 1100gpm- 1365 acre/ft
- Total- 1500gpm- 2232 - acre ft
- About 1/15 of the power plant



# Product

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Holbrook will produce red standard and granular



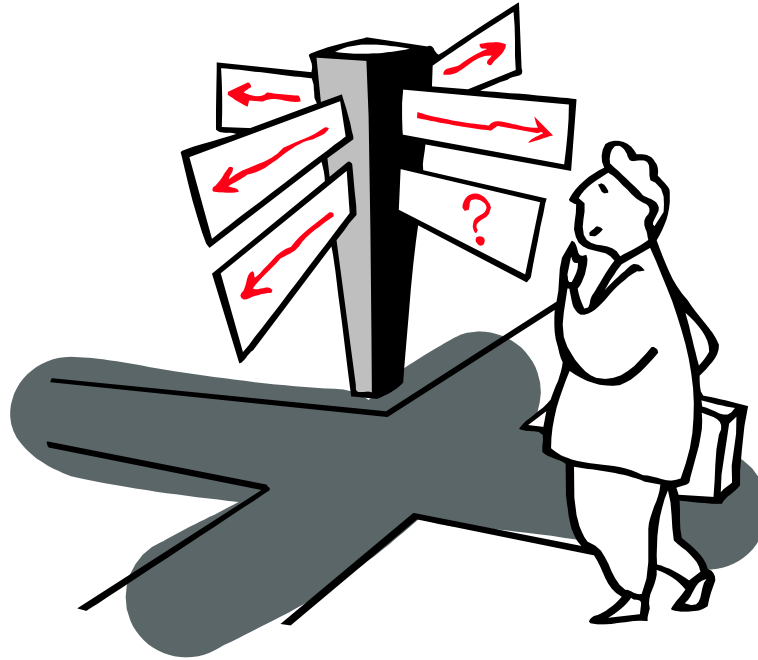
# Potash Facility – A good industrial partner and neighbor

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# Questions?

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# What Does It mean for the Area?

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